



**Great Northern Properties, L.P.  
Great Northern Power Development**

## **MONTANA ENERGY SYMPOSIUM**

### **“MONTANA COAL INDUSTRY”**

**A Perspective from a Resource Holder  
and  
Project Developer**

**Presented by  
Chuck Kerr**

**October 18, 2005**



# The Great Northern Entities

I Heritage dates back to 1864

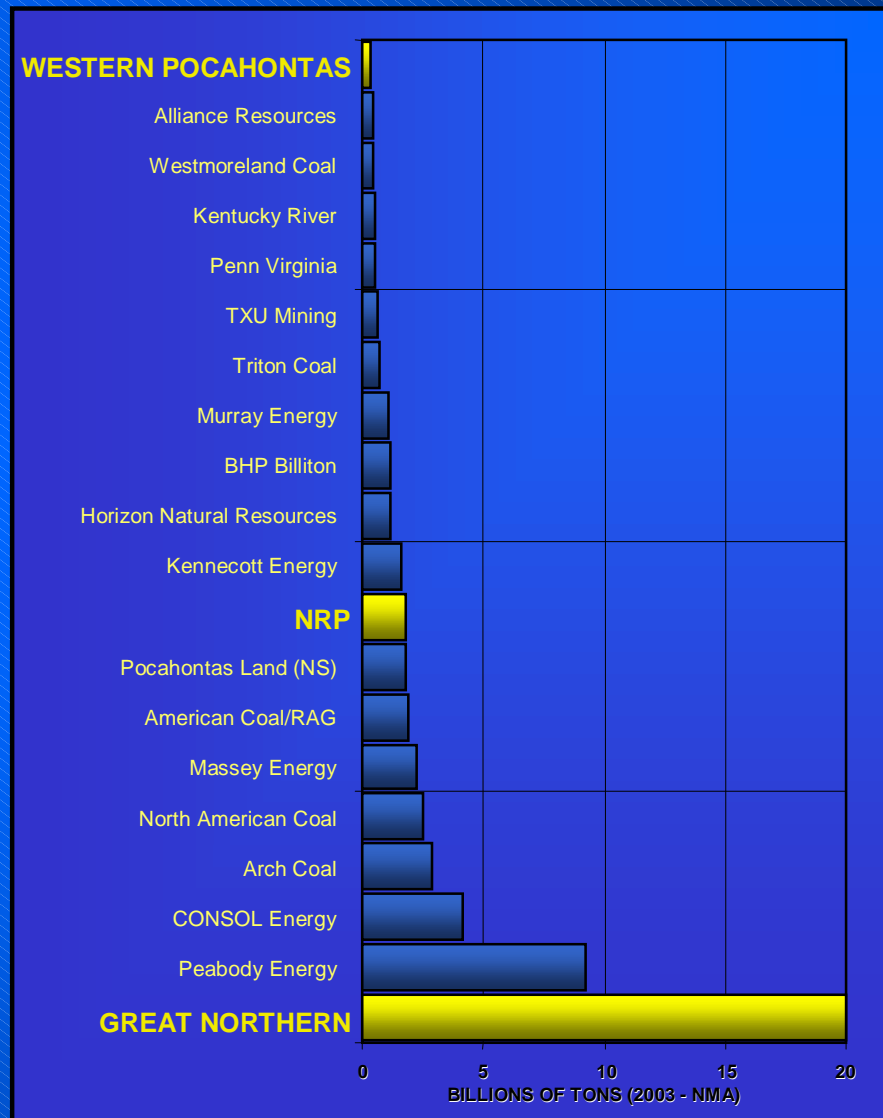




# Great Northern Properties Reserves

## I Great Northern Properties L.P.

- ü Former railroad land grant lands
- ü Nation's largest private coal landowner
- ü 20 billion tons of coal and lignite
- ü 4.9 million mineral acres
- ü 190,000 surface acres
- ü Affiliated with:
  - q Appalachian and Illinois Basin Coal Reserve Holders
  - q Oil and Gas Company



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# GREAT NORTHERN AND ITS AFFILIATES - RESERVE HOLDINGS

22 billion tons of lignite, sub-bituminous and bituminous coal

Montana/North Dakota  
Reserves – 20 Billion tons

Illinois Basin  
Reserves – 500 million tons

Appalachia  
Reserves – 1,5 Billion tons



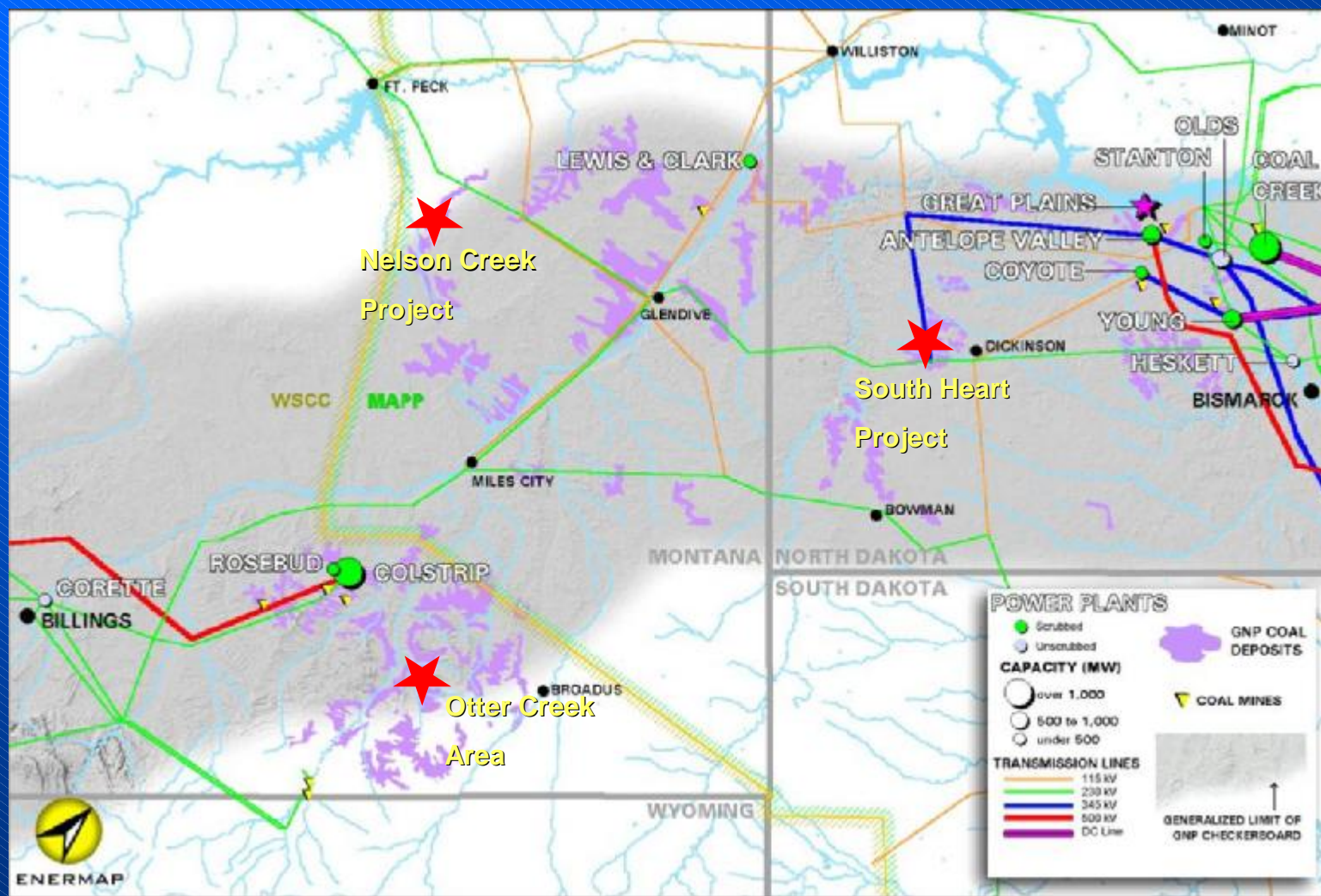
Coal Producing Basins in U.S.

States in which Great Northern and its affiliated companies have Coal Reserves



## Great Northern Properties – Reserves

### Great Northern Power Development – Nelson Creek & South Heart Projects





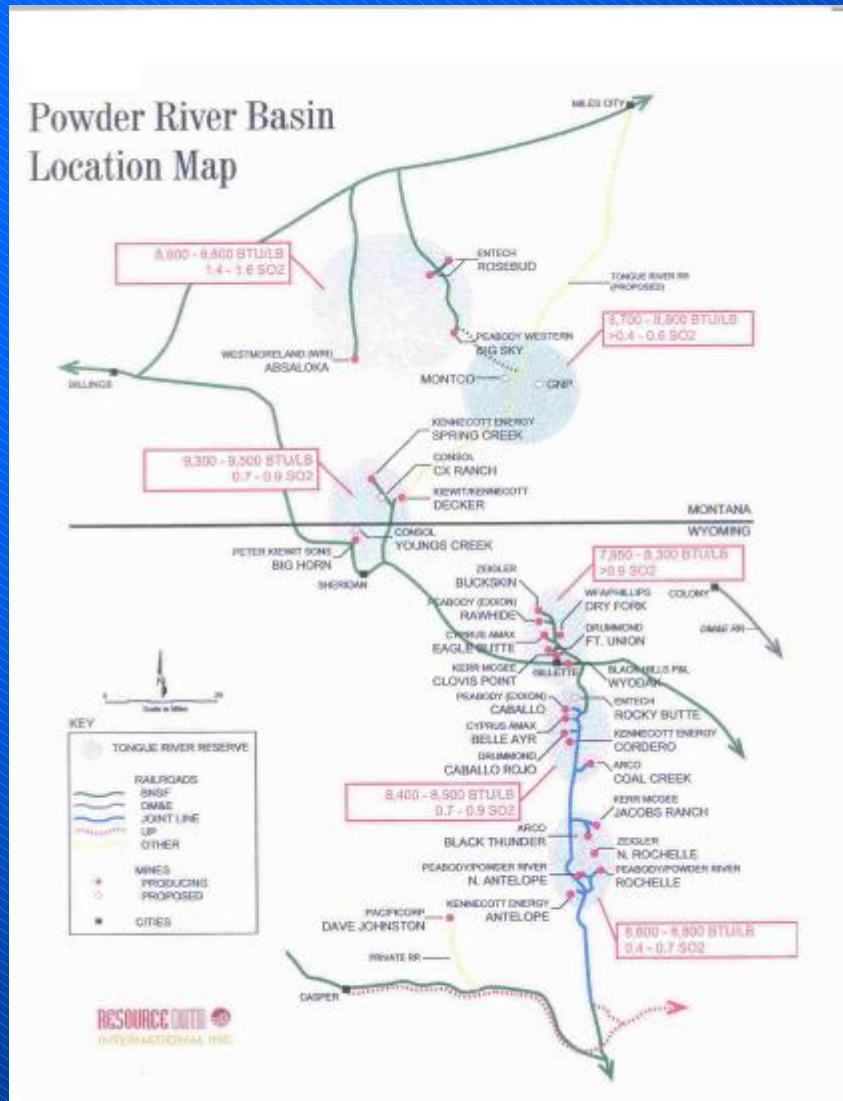
## **Montana Coal Industry – The Past No New Coal Mines In The Past 30 Years**

- | Remote Location**
- | Coal Prices, Supply & Demand, Coal Types, Competitive Fuels**
- | Competition from Wyoming & Others**
  - üPath of Least Resistance**
  - üEconomics**
- | No Infrastructure**
  - üLimited Rail**
  - üLimited Transmission**





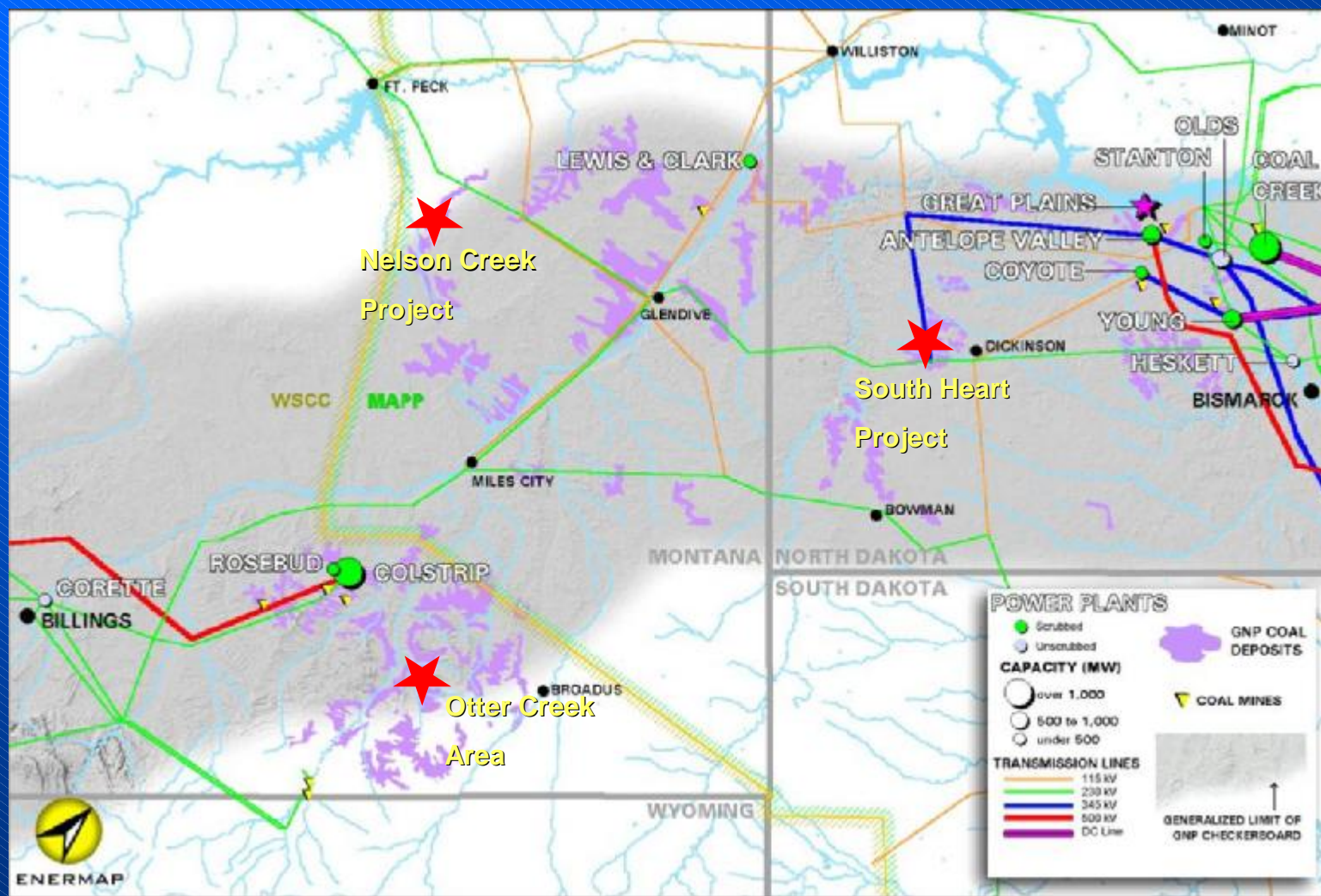
## Powder River Basin – Sub-Bituminous Coal



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## Eastern Montana Lignite Development







# Montana Coal Industry – Present “Good News – Bad News” Story

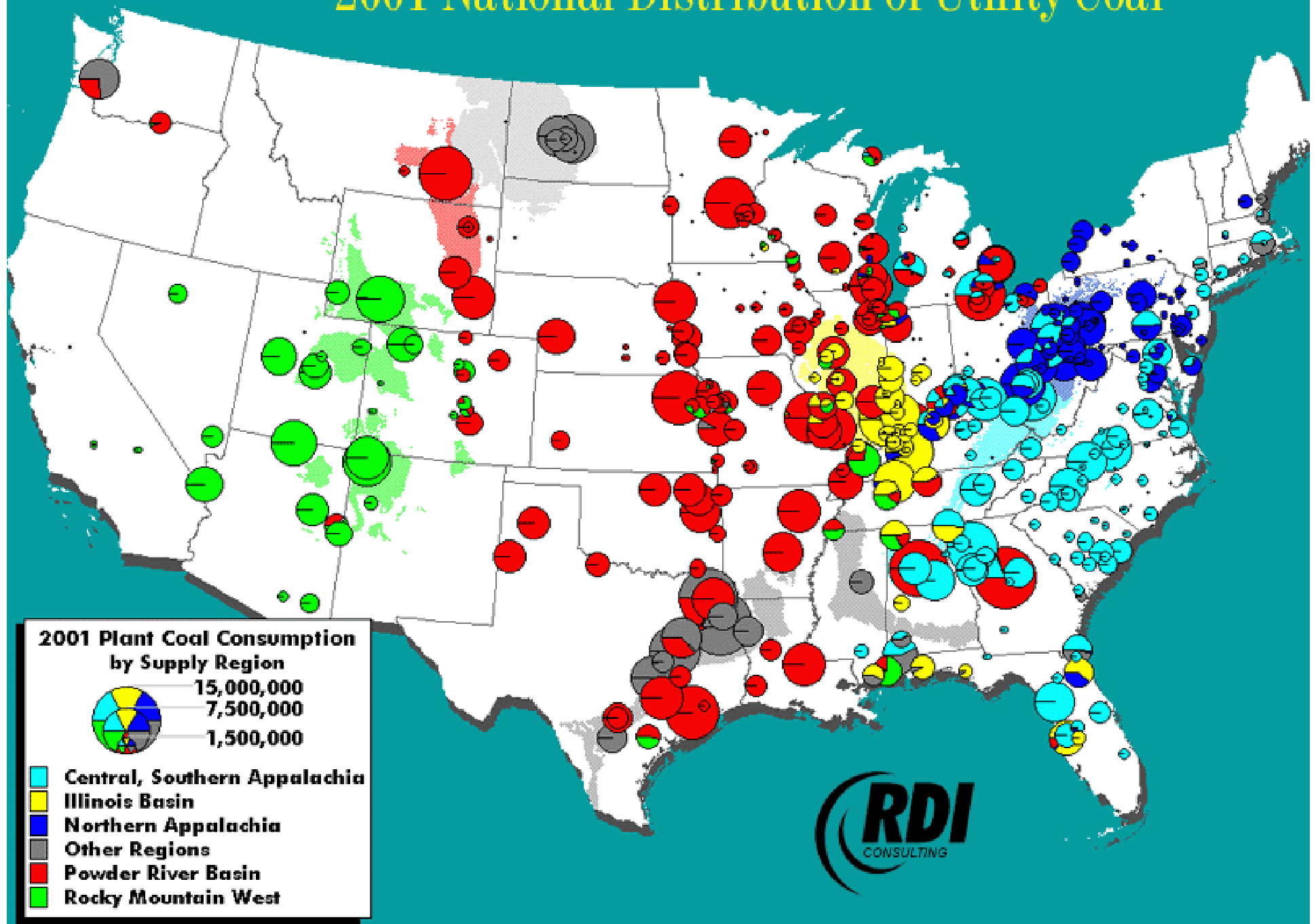
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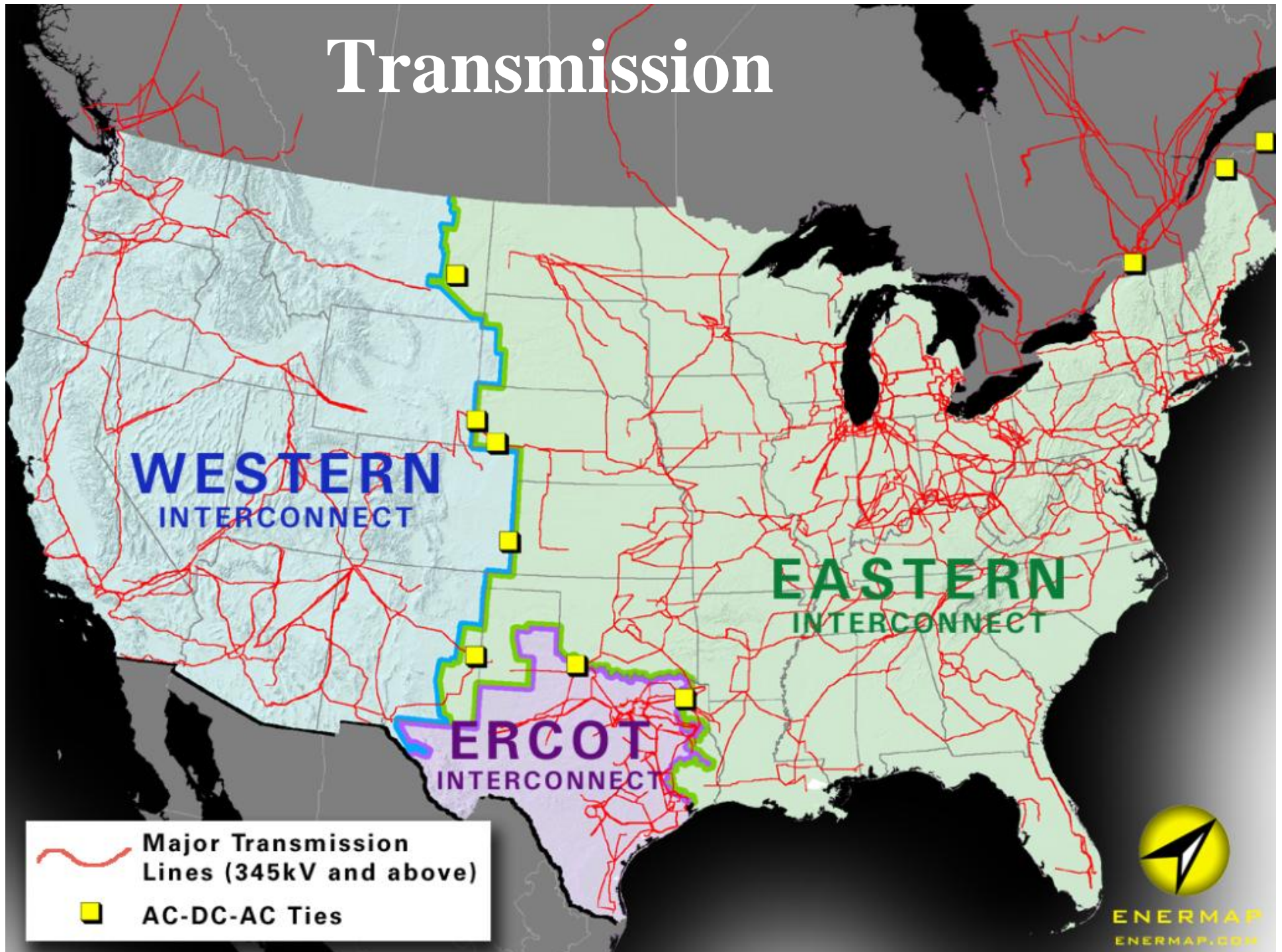
## I Bad News

- ü Remote Location
- ü Competition from Wyoming & Others
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  - q Economic Incentives
  - q Proactive Business Development
- ü No Infrastructure
  - q Limited Rail
  - q Limited Transmission
- ü Political Environment
  - q Carbon Issues – Potential Tax, CO2 Sequestration
  - q Mercury Removal
  - q “Not in My Backyard” Issues

# 2001 National Distribution of Utility Coal



# Transmission







## Montana Coal Industry – Future Undeveloped Vast Resource of Cheap Energy

- | **Opportunity is *NOW!!***
  - ü **Sun, Moon & Stars have aligned!**
    - q Energy & Transportation Bills – Sun
    - q Commodity Prices – Moon
    - q Demand - Stars
- | **Significant Lost Opportunity Cost**
  - ü **Not Likely to be Another Energy & Transportation Bill**
  - ü **Lost Economic Base**
    - q Jobs & Taxes
  - ü **Competitors will get Projects**
    - q Wyoming, Texas, Indiana, Illinois, Ohio, Pennsylvania
- | **Significant Upside**
  - ü **Potential Energy Independence**
  - ü **Reduced Cost of Living**
    - q Enjoy Current Quality of Life
- | **Technological Advances**
  - ü **CO2 Capture, Sequestration, Enhanced Oil Recovery**
  - ü **Mercury Removal**
  - ü **Coal to Liquids**



# What's It Going To Take To – “Git R Dun”!!

## I Combined Effort From Everybody

### ü Developers

- q Continue to “Stir the Pot”
- q Make Needs, Wants and Desires Known - Collectively
- q Coal/Wind/Renewables Developers Need Each Other

### ü Legislators

- q Infrastructure Authority
- q Tax Incentives
- q Prudent Environmental Regulation
- q Proactive Business Development

### ü Locals

- q Support Project Locations
- q Provide Economic Incentives for Siting

### ü Environmentalists

- q Continue to be “Watch Dog”
- q Be Reasonable and Prudent
- q Focus on National Level



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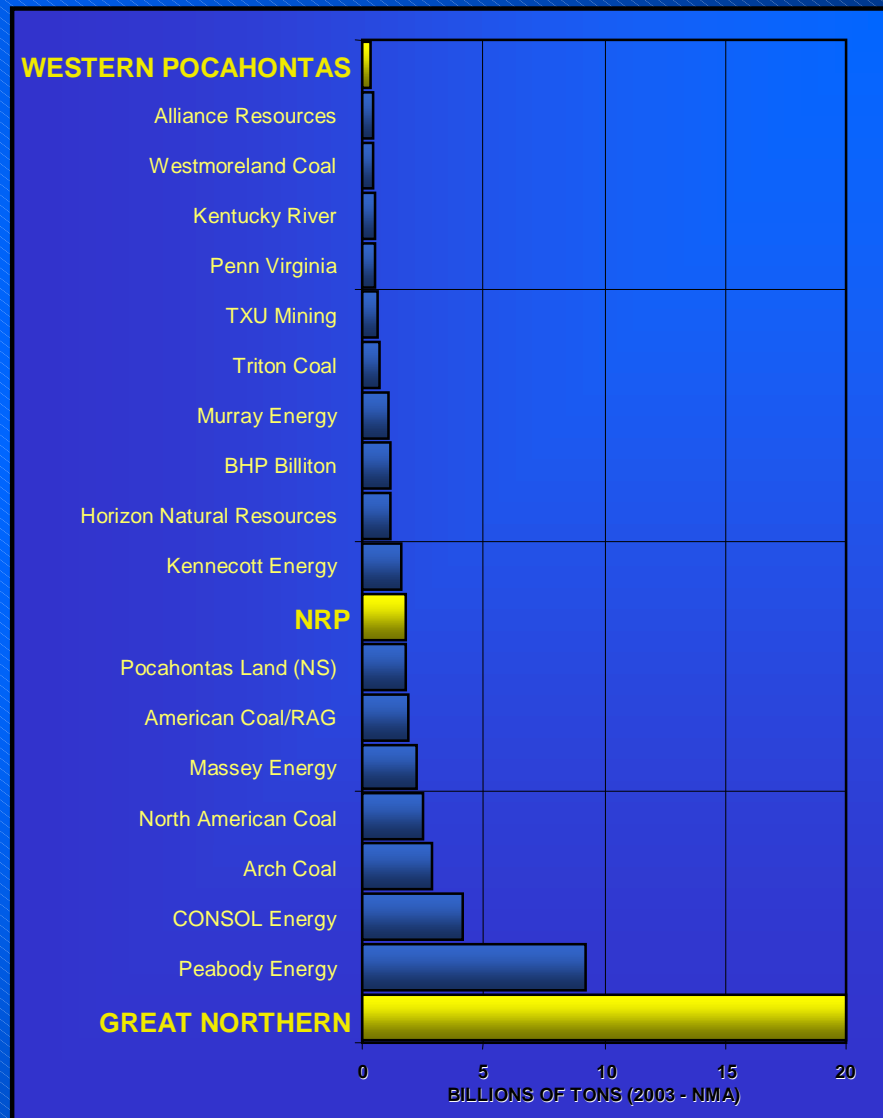




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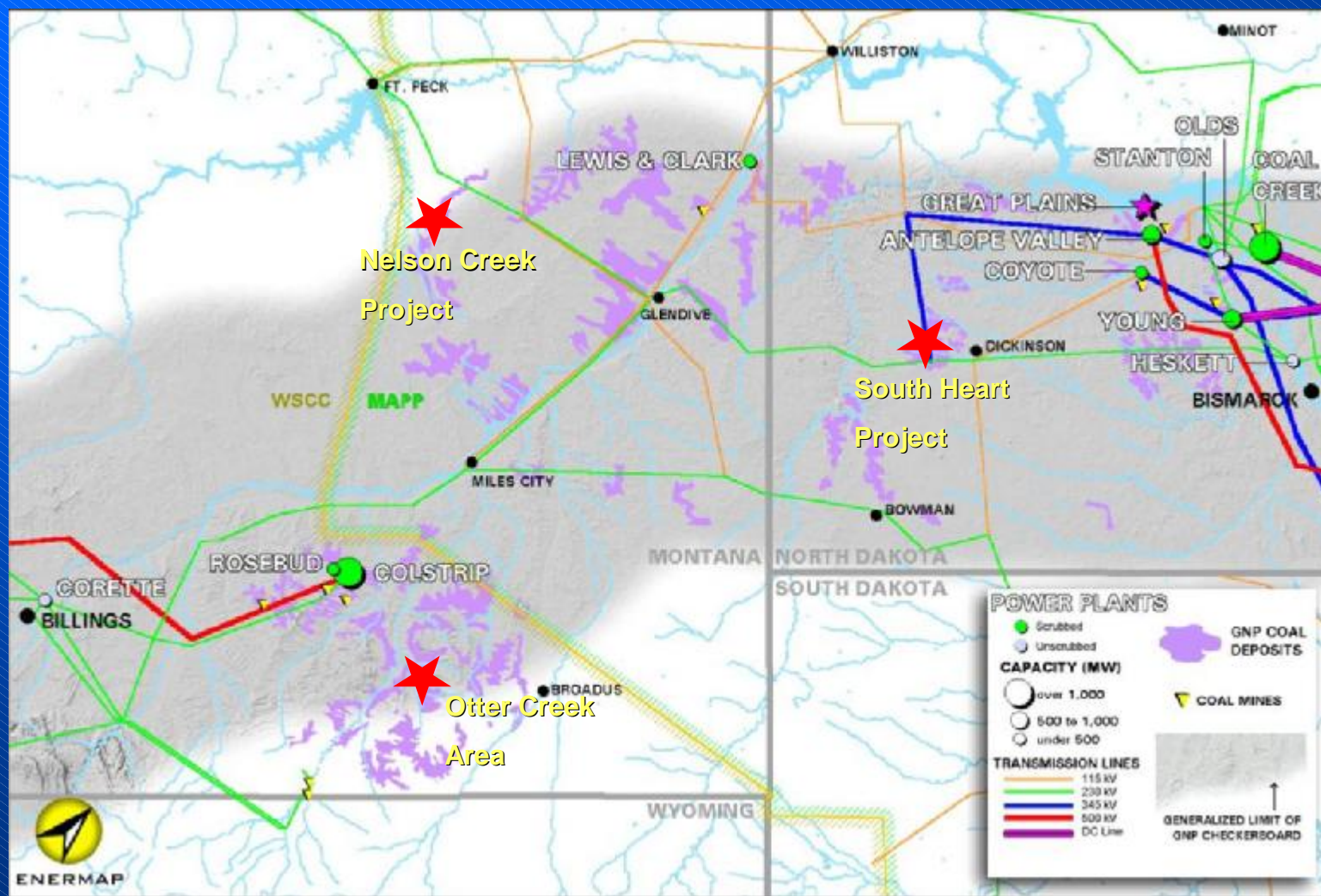
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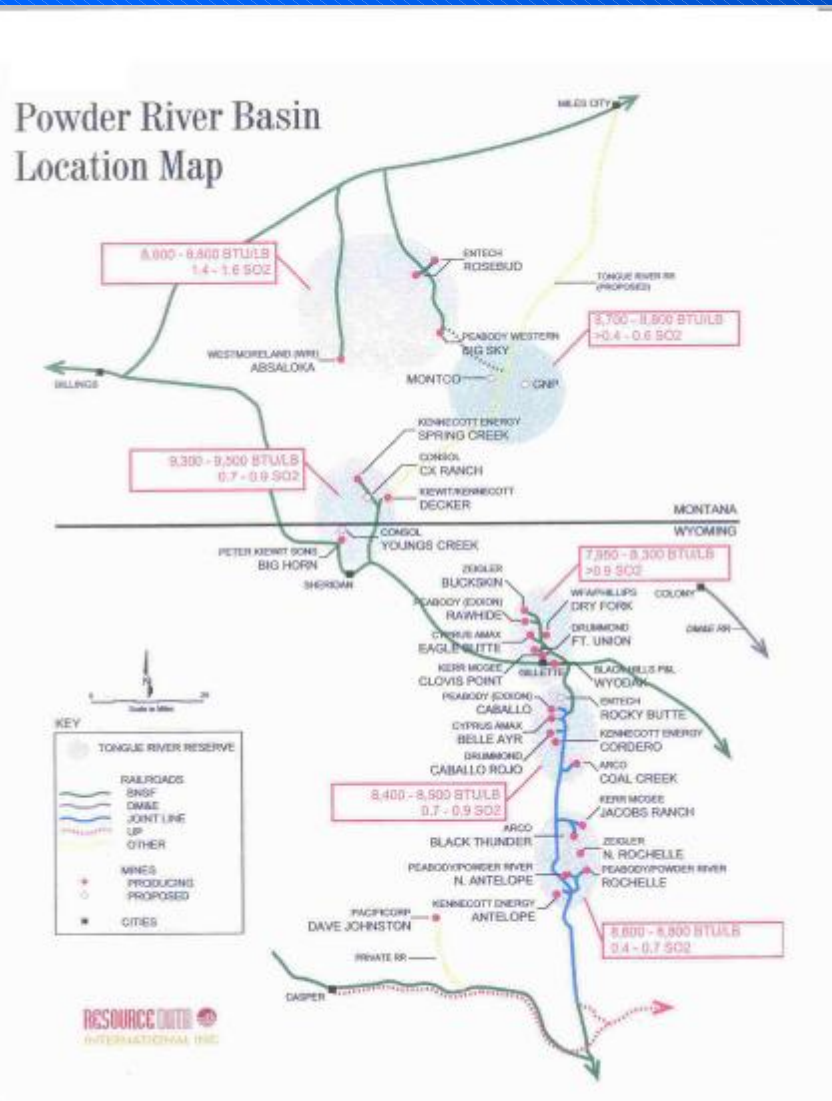


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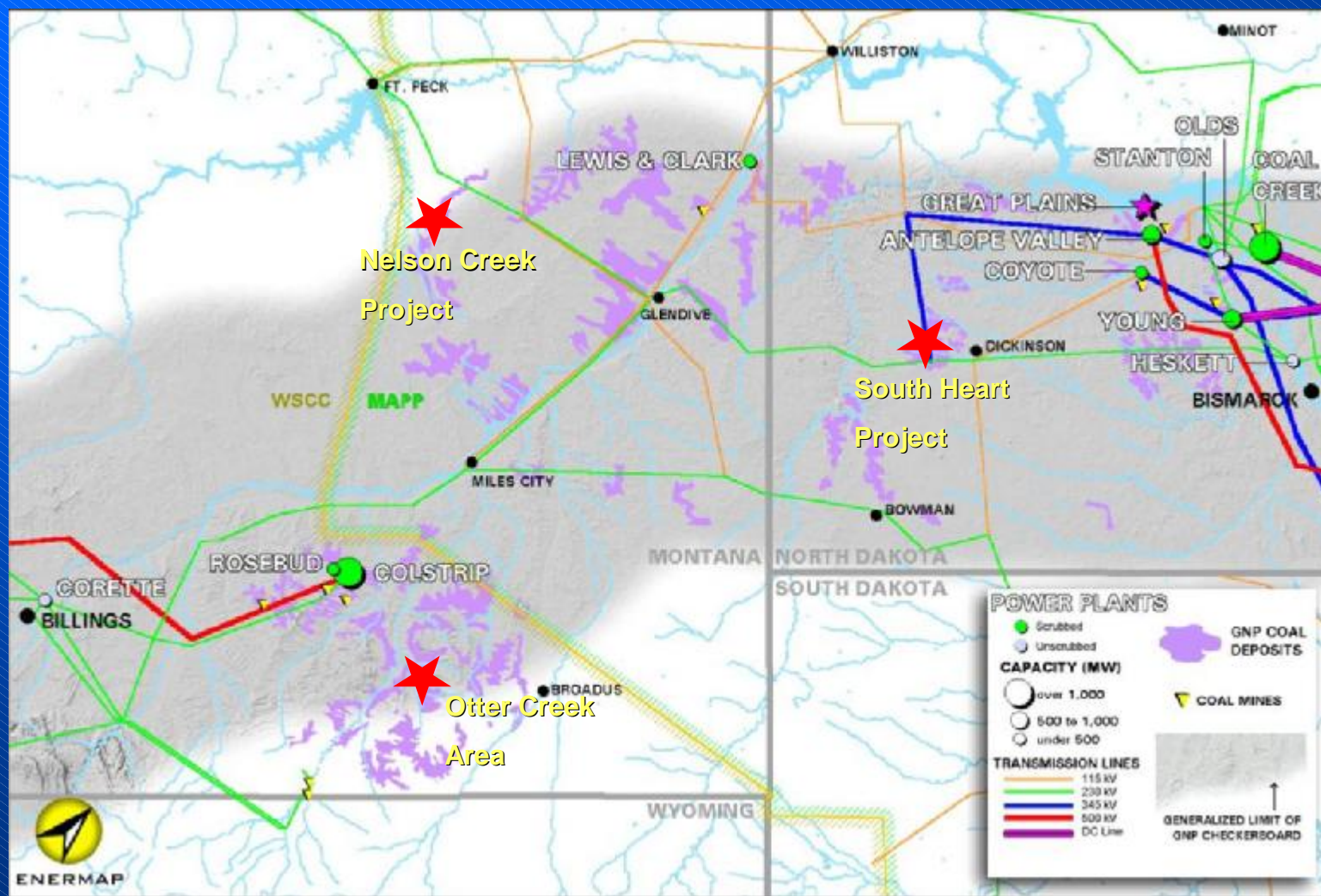


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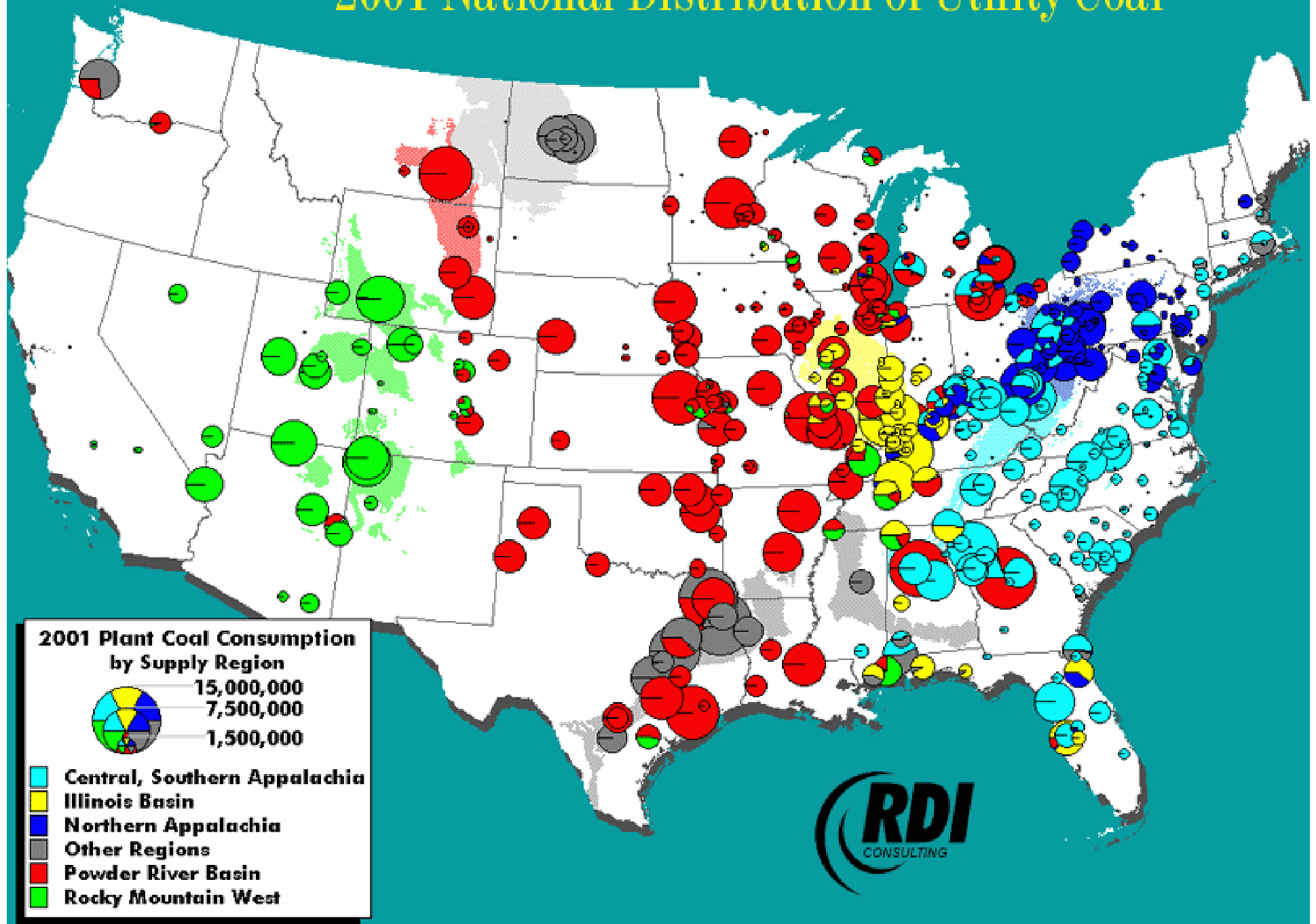
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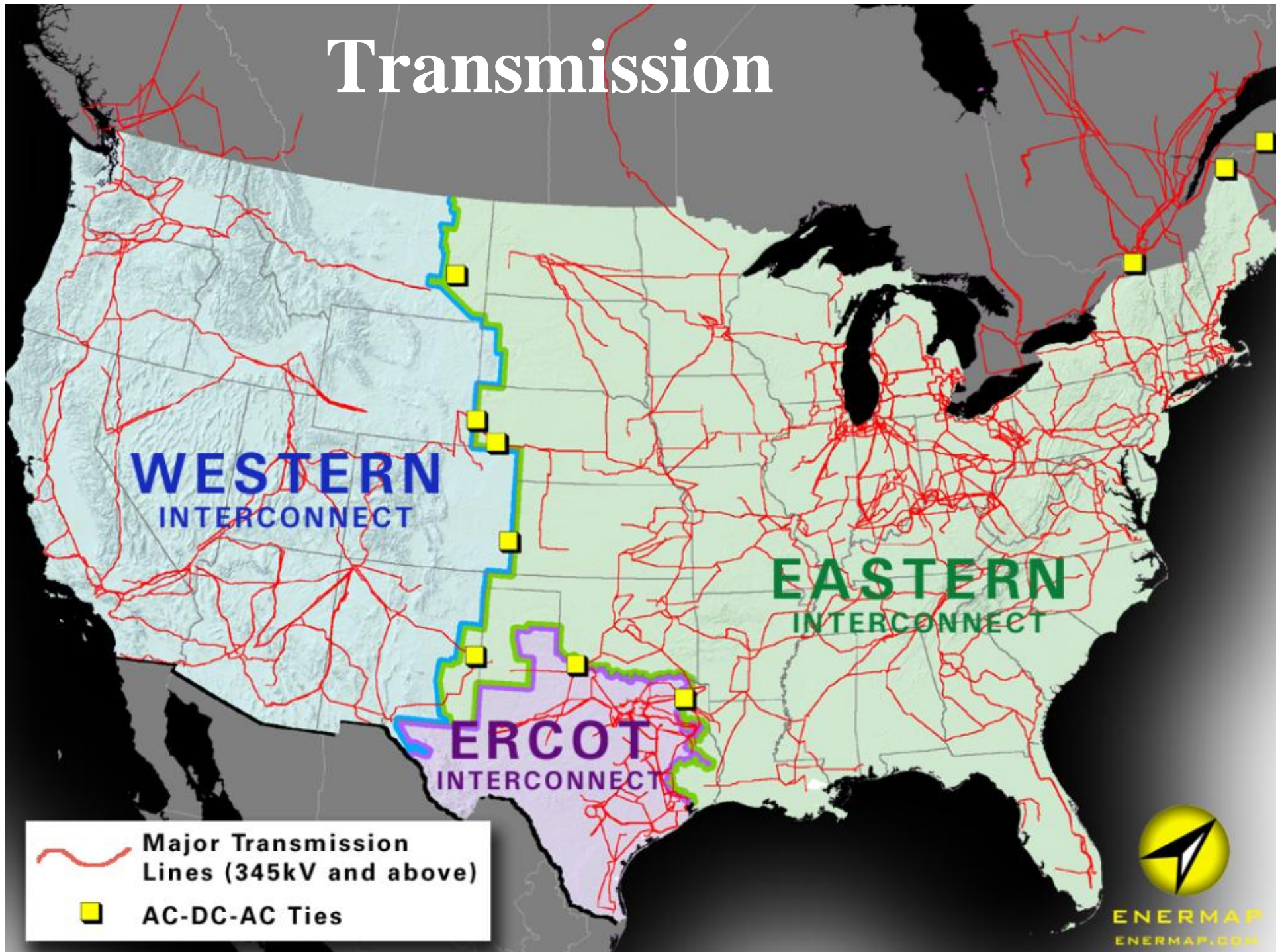
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